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Insights On Brand Development From The Marketing Front

Critical Marketing Mistakes - Overstating Your Capabilities and Underestimating the Competition – Part 1

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Marketing is losing its relevance. This results from failing to provide a clear line of sight in creating customers and driving business outcomes. Consequently, most corporations view marketing as a cost center as opposed to producer of results.

Poor marketing practices negate achievement of favorable business results and undermine the role of marketing. This article deals with two errors that go hand-in-hand, overstating your brand and organization's capabilities and underestimating the competition. One might simply chalk-up these overlapping errors to corporate hubris, particularly in large, established companies. This may be true to a point. But we'd posit it's largely a function of ignorance, lack of foresight and sound planning, and intelligent, coordinated execution.

This is the first in a series dealing with causes of each. Part 2 will be made available in next week.

Underestimating the Competition
SWOTS tend to be fictitious. We all know what *SWOTS* are, an acronym for Strengths, Weaknesses, Opportunities and Threats. But few marketers know how to do them well, as attested by our experience working with clients and examining their SWOTs. There's a host of things that are incorrect, which reflect underestimating the competition, and overstating the brand's and organization's capabilities. These include:

- *Mis-categorization* – Namely Strengths and Weaknesses relate to the specific brand and company whereas Opportunities and Threats refer to competitive issues and other factors that impact the market. It's important to categorize these correctly to promote clear, analytical thinking and a bases for decision making.
- *Fiction versus Facts* - They are rarely "fact-based." Instead, what's placed in the SWOT are rather biased fiction overwhelmingly favoring the home team.
- *Contradictory* – A Strength may also be identified as a Weakness! So, what is it?
- *Competitive hearsay* – This factor traces not only to the lack of facts but also alleged competitive actions, typically from sales force reporting. A common refrain, particularly when a brand is losing, is that competitors are engaging in unfair practices. However, these are rarely borne out by facts. And, if they are, the marketer needs to decide what s/he is going to do about it.
- *Non-discriminating* – They are infrequently prioritized by importance, as per potential impact, and virtually never weighted. However, the conclusion is nearly always that the competition is inferior and everything points to a rosy future for the marketer's "superior" brand.

This doesn't even take into consideration that the SWOTs are not translated into meaningful critical success factors! This is merely a chest beating exercise to extol how great we are with a concurrent understated, speculative watch-out for competitors taking liberties in the market with unsavory practices.

Then there's *benchmarking*. Few marketers engage in this practice and when they do it is limited to the physical versus "whole" product. And guess who wins on this one? Once again, competitors lose according to the initiator of the benchmarking exercise and everyone in the organization working on the brand drinks this up. There is no factoring based upon customer input. Intangibles, such as terms, support programs, etc., are rarely compared and when they are they usually show-up as about equal. In other words, no advantage. Yet, somehow the evaluator's brand beats competition.

Benchmarking needs to even go beyond a whole product investigation. It should also include an *audit* of marketing mix factors and organizational capabilities such as distribution or access, share of voice as measured by "feet on the street," GRPs (gross rating points for measured media), impact of messaging (as revealed by market research testing), clinical studies underway, etc. We know that the best "whole" product may not win if it's not properly supported, in the right way (e.g., with appropriate positioning strategy, messaging, clinical studies and so forth).

Despite having these tools, SWOT, benchmarking and marketing audit, to get a fix on how we stack-up versus competition in the present and short-term future, marketers tend to overlook or misuse them and, in so many cases, pervert their use by pushing their biases and treating them as fact. Additionally, marketers tend to discount competitive actions, even when they appear to be working. If competitors launch a new or improved product, or release findings from a new clinical study, marketers will rationalize them away (with the help of members from other disciplines that make-up the brand team). They will even go so far as to declare that competitors cannot sustain their efforts, or target-customers will not be fooled.

Overstating the Brand's and Organization's Capabilities

One would think that overstating the brand's and organization's capabilities and underestimating the competition are solely the product of the mis-used SWOT and benchmarking exercises. (Audits are rarely conducted. It's as if the marketer's brand is the only one in the marketplace.) But there's more!

It seems that the majority of *forecasts are grossly optimistic*. While all research points to a promising market for the new product, Finance establishes a forecast based upon what's needed to satisfy stock analysts and stockholders. In other words, they tend to distort reality overstating the organization's capabilities to deliver on the forecast. There's little checking with what competitive products, with similar innovation, have been able to achieve. Nor is there a review of what the company's product launches, again with similar innovation, have achieved. And, if these investigations reveal and suggest a lower forecast then they too are rationalized away. It's the same old story that "we are better than that!" Really?

We've witnessed time and again, where *the organization fails to orchestrate execution* of an overarching marketing plan, particularly when it comes to commercializing a new product. While all the disciplines (functional areas such as payor access, sales force, retail, manufacturing, etc.) are aware of the marketing (commercial) plan and are expected to execute consistent with it, there is an absence of planning by these disciplines to achieve the objectives established for them that are needed to realize the marketing plan.

This is compounded by the *absence of milestones* for critical success factors such as the level of access, awareness among target-customers, intent to prescribe-purchase-use, etc.). These are lead-indicators that contribute to and explain sales performance. And, where these are present they *may not be measured and captured in a "dashboard"* to display progress on a just-in-time basis to allow for timely, previously identified and proven remedial actions.

Without measuring, that is *"inspecting what you expect",* the organization has no way of getting to the heart of brand performance in the marketplace and avoid making the same mistakes in the future.

Summary of Contributing Factors
There are many reasons contributing to overstating the brand's and organization's capabilities and underestimating the competition. Many of these apply to both mistakes as they overlap. These are shown in the following table:

Underestimating Competition	Overstating Brand/Organization
• Poorly developed and misleading SWOT • No, or inaccurate, benchmarking • No, or skimpy, audit of comparative marketing mix elements • Biases substituted for facts • Hearsay elevated to facts without corroborating market evidence • Lack of objectivity leading to discounting the impact or promise inherent in competitive actions • Superior powers of rationalization	• Grossly optimistic forecast based upon the need to please financial analysts and stockholders, and support investment in the asset • Absence of planning by contributing disciplines/functional areas • Lack of coordinated execution consistent with plans • Absence of concrete milestones for each contributing factor (with an emphasis on lead indicators) to the forecast • Lack of measurement of lead indicators and use of a dashboard to report and take remedial action • Biases, biases, biases

Oh yes, let's not forget corporate hubris.

So, what's a marketer to do to avoid these critical marketing errors beyond:

- Fixing SWOTs
- Conducting objective benchmarking
- Undertaking a comparative audit of marketing mix elements
- Validating forecasts

- Commencing planning with each of the contributing functional areas
- Establishing milestones with lead indicators, and
- Incorporating a dashboard to monitor progress?

We'll tackle this next week when we share some solutions.

Until then, best wishes,
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